UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/1994/96
30 June 1994

ORIGINAL: ENGLISH

Substantive session of 1994
New York, 27 June-29 July 1994
Agenda item 5 (c)

SOCIAL, HUMANITARIAN AND HUMAN RIGHTS QUESTIONS: IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES BY THE SPECIALIZED AGENCIES AND THE INTERNATIONAL INSTITUTIONS ASSOCIATED WITH THE UNITED NATIONS

Letter dated 27 June 1994 from the Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People to the President of the Economic and Social Council

I have the honour to inform you that the Committee on the Exercise of the Inalienable Rights of the Palestinian People was requested by the General Assembly in resolution 48/158 A of 20 December 1993 inter alia to mobilize international support and assistance to the Palestinian people during the transitional period. As a contribution to the debate on how to promote Palestinian economic and social development, which is so essential for the achievement of a just and lasting peace, the Committee decided to include in its programme of work for 1994 a seminar on Palestinian trade and investment needs, taking into consideration the suggestion made by the General Assembly in resolution 48/213 of 21 December 1993.

The United Nations Seminar on Palestinian Trade and Investment Needs was held at the Headquarters of the United Nations Educational, Scientific and Cultural Organization (UNESCO) from 20 to 22 June 1994, with the participation of Palestinian, Israeli and other experts, donor countries and other States, intergovernmental and non-governmental organizations active in providing assistance to the Palestinian people, and the United Nations bodies and agencies concerned.

I have the honour to request Your Excellency to have the report of the Seminar (see annex) circulated as a document of the Economic and Social Council under item 5 (c) of the agenda for its substantive session of 1994.

(Signed) Kéba Birane CISSÉ
Chairman
Committee on the Exercise of the Inalienable
Rights of the Palestinian People

/...

Annex

REPORT OF THE UNITED NATIONS SEMINAR ON PALESTINIAN TRADE AND INVESTMENT NEEDS

(Paris, 20-22 June 1994)

CONTENTS

	Paragraphs	Page
INTRODUCTION		5
A. Organization of the Seminar	1 - 2	5
B. Participation	3 - 9	5
C. Opening of the Seminar	10 - 11	6
D. Agenda	12 - 13	6
SUMMARY OF DELIBERATIONS		
A. Opening session	14 - 17	7
B. Plenary session. Building a Palestinian economy - challenges and prospects	18 - 31	9
C. Round-table discussions	32 - 55	13
Round table I. Laying the foundation for Palestinian economic development	32 - 39	13
Round table II. Investment for development: Palestinian needs and policy options	40 - 49	16
Round table III. Trade for development: Palestinian needs and policy options	50 - 55	19
D. Closing session	56 - 57	21

INTRODUCTION

A. Organization of the Seminar

1. The United Nations Seminar on Palestinian Trade and Investment Needs has been convened by the Committee on the Exercise of the Inalienable Rights of the Palestinian People in accordance with its mandate under General Assembly resolutions 48/158 A and B of 20 December 1993. The Assembly considered that the Committee could make a valuable and positive contribution to international efforts to promote the effective implementation of the Declaration of Principles on Interim Self-Government Arrangements, and requested it "to give special emphasis to the need to mobilize support for and assistance to the Palestinian people" in its programme of work for 1994. The holding of a seminar of this kind was suggested by the General Assembly in a separate resolution entitled "Assistance to the Palestinian people" (resolution 48/213 of 21 December 1993).

2. The United Nations Seminar on Palestinian Trade and Investment Needs was held from 20 to 22 June 1994, at UNESCO Headquarters in Paris.

B. Participation

3. The Committee on the Exercise of the Inalienable Rights of the Palestinian People was represented by a delegation comprising H.E. Mr. Kéba Birane Cissé (Senegal), Chairman; H.E. Mr. Joseph Cassar (Malta), Rapporteur; and Dr. Nasser Al-Kidwa (Palestine).

4. Invitations to participate in the Seminar were extended to Governments, intergovernmental organizations, organizations and agencies of the United Nations system, individual experts and non-governmental organizations. The following Governments were represented at the Seminar: Australia, Austria, Bahrain, Benin, Brazil, Czech Republic, Cyprus, Denmark, Egypt, Finland, France, Ghana, Greece, Hungary, Iceland, Indonesia, Italy, Jordan, Kenya, Kuwait, Malaysia, Mali, the Netherlands, Norway, Poland, Qatar, the Russian Federation, Saudi Arabia, Spain, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, Viet Nam.

5. The following organizations, agencies and bodies of the United Nations system participated in the Seminar: International Labour Organization (ILO), International Monetary Fund (IMF), United Nations Children's Fund (UNICEF), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP), United Nations Educational, Scientific and Cultural Organization (UNESCO), Economic and Social Commission for Western Asia (ESCWA), United Nations Industrial Development Organization (UNIDO), World Bank. A statement on behalf of the World Food Programme (WFP) was read out at the plenary session of the meeting.

6. The League of Arab States was represented at the Seminar.

7. The delegation of Palestine took part in the work of the Seminar.

8. The following experts participating in their individual capacity presented papers: Mr. George Abed; Mr. Tayseer Abdel Jaber; Mr. Hisham Awartani; Mr. Simcha Bahiri; Mr. Hazem El Beblawi; Mr. Ibrahim Dakkak; Mr. Stephen Day; Mr. Kamal Hassouneh; Mr. Hussam Hijjawi; Ms. Irene Jillson; Mr. Bassim Khoury; Mr. Mohammed S. al-Qudwa; Mr. Ezra Sadan; Ms. Hind Salman; Mr. Ala'edeen Shawa; and Mr. Antoine Zahlan. Ms. Jillson, Mr. Abed, and Mr. Abdel Jaber served as moderators of the three round tables.

9. The following non-governmental organizations also participated: Council for the Advancement of Arab-British Understanding (CAABU); Association médicale franco-Palestine; Chambre de commerce franco-arabe; Institute for Social and Economic Policy; Palestine Red Crescent; Parliamentary Association for Euro-Arab Cooperation; Parti Communiste Français; Societé d'investissement de developpement international (SIDI); United Nations Association International Service (UNAIS); Vétérinaires sans frontières.

C. Opening of the Seminar

10. At the opening session, a statement was made on behalf of the Director-General of UNESCO, by Mr. Omar Massalha, Director, Coordination Unit for Assistance to the Palestinian People. A message from the Secretary-General of the United Nations was read by his representative, Mr. Hassen M. Fodha, Director of the United Nations Information Centre, Paris. Statements were made by H.E. Mr. Kéba Birane Cissé, Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People; and by the representative of Palestine, Mrs. Leila Shahid, General Delegate of Palestine to France and Permanent Observer of Palestine to UNESCO.

11. The Seminar was chaired by H.E. Mr. Kéba Birane Cissé (Senegal). H.E. Mr. Joseph Cassar (Malta) served as Vice-Chairman and Rapporteur of the Seminar.

D. Agenda

12. The purpose of the Seminar was to exchange views and perspectives on a wide range of issues pertaining to the building of a new Palestinian economy, with particular regard to trade and investment, in light of the Declaration of Principles, and the subsequent agreements signed by Israel and the Palestine Liberation Organization (PLO), and the new situation on the ground.

13. In the plenary sessions and in the course of the round-table discussions, the participants addressed the following general themes:

(a) Building a Palestinian economy - challenges and prospects;

(b) Laying the foundation for Palestinian economic development;

(c) Investment for development: Palestinian needs and policy options;

(d) Trade for development: Palestinian needs and policy options.

SUMMARY OF DELIBERATIONS

A. Opening session

14. On behalf of the Director-General of UNESCO, the Director of the Coordination Unit for Assistance to the Palestinian People of the UNESCO secretariat, Mr. Omar Massalha welcomed the participants and said that, since 1950, UNESCO, together with other international organizations and Governments, had been actively engaged in the defence of the rights of all refugees, and of the Palestinian people as a whole, to education and preservation of their cultural heritage and identity. Activities had included providing education and training through the UNESCO-UNRWA cooperation programme and studies on the educational needs of the Palestinian people. In October 1993, the General Conference of UNESCO had invited the Director-General to draw up, in consultation with the relevant Palestinian authorities, a comprehensive work plan to meet the immediate needs of the Palestinian people within the framework of UNESCO's fields of competence. In implementation of that resolution, a memorandum of cooperation between UNESCO and the PLO had been signed at Granada, Spain, by the Chairman of the Executive Committee of the PLO and the Director-General of UNESCO. Also, a UNESCO/PLO joint committee had been established to plan and monitor the implementation of the proposed activities. A Plan of Action, agreed upon by the parties, encompassed a number of immediate projects: rehabilitation of schools; school mapping; Palestinian Curriculum Development Centre; setting up of a "Transfer of Knowledge Through Expatriate Nationals" mechanism with UNDP; a feasibility study for the setting up of a Palestinian National Museum; conservation of historic and cultural sites and monuments in Jericho; cultural tourism; a traditional handicraft centre in Gaza; and support for the establishment of the Palestinian Television Service.

15. In his message to the Seminar, the Secretary-General of the United Nations said that for many years, beginning in the late 1970s, the United Nations system had endeavoured to develop an assistance programme aimed at improving the social and economic conditions of the Palestinian people, in consultation and cooperation with the Palestine Liberation Organization. Operational activities in that regard were launched in 1980. The Secretary-General welcomed the signing of the Declaration of Principles on Interim Self-Government Arrangements. He also welcomed the agreement on the Gaza Strip and the Jericho area and paid tribute to all those who had facilitated it, in particular to the United States of America and the Russian Federation as co-sponsors of the peace process, as well as Egypt and Norway. In early September 1993, the Secretary-General had established a high-level task force to identify the new activities which could be rapidly implemented by UNRWA, UNDP and UNICEF, the three United Nations programmes currently operating in the occupied territories. The report of the task force had been made available to the Conference to Support Middle East Peace, convened at Washington, D.C., on 1 October 1993. Given the complexity of the situation in the region and the multiplicity of actors outside the United Nations system that would be involved during the transitional phase, the Secretary-General believed that it would be necessary to urgently establish a mechanism to ensure effective coordination and intensification of international assistance to the Palestinians in the occupied territory to meet their immediate and longer-term needs. The Secretary-General decided to appoint Ambassador Roed Terje Larsen of Norway as his Special Coordinator in the

occupied territory to serve as a focal point for all United Nations economic, social and other assistance to the Palestinians in the occupied territory. He would provide overall guidance to and facilitate coordination among the United Nations programmes and agencies to ensure an integrated and unified approach to economic and social development and would support the implementation of the Declaration of Principles, as requested by the parties.

16. The Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People underscored the significance of the signing of Israeli-PLO agreements, in particular of the Declaration of Principles on Interim Self-Government Arrangements and the agreement on the Gaza Strip and the Jericho area. He also noted the important bilateral economic agreements signed by the PLO with Israel, Jordan and Egypt. In the course of the past several months, the United Nations system organizations had begun cooperating closely with the PLO with a view to developing a wide range of projects in response to the current and future needs of the Palestinian people. In May 1994, an official agreement was signed between UNDP and the PLO. On behalf of the Committee, the Chairman expressed appreciation for the efforts of the Secretary-General aimed at establishing an integrated United Nations approach towards development in the Gaza Strip and the Jericho area, and the appointment of his Special Coordinator in the occupied territory to serve as a focal point for all United Nations assistance to the Palestinians and to ensure coordination among the United Nations programmes and agencies. Given the present state of the Palestinian economy and the deplorable living conditions of the Palestinians, particularly in the Gaza Strip, that task had acquired special urgency. As the organ of the General Assembly dealing with the question of Palestine, the Committee on the Exercise of the Inalienable Rights of the Palestinian People could make a valuable and positive contribution to United Nations endeavours during the difficult transitional period. Promoting intensified assistance to the Palestinian people was a priority task of the Committee.

17. In her statement, Mrs. Leila Shahid, General Delegate of Palestine to France and Permanent Observer of Palestine to UNESCO, stressed the importance of the United Nations Seminar on Assistance to the Palestinian People, held in 1993, and recalled that it was the event at which the PLO presented its "Programme for development of the Palestinian economy for the years 1994-2000". She said that since then a political agreement between Israel and the PLO had been reached, the Israeli army had withdrawn from the Gaza Strip and the Jericho area, and the transfer of authority from the Israeli civil administration to the Palestinian political authority and police had been smoothly carried out. She said that the negotiations on withdrawal from the rest of the West Bank were about to begin. Other developments included the deployment of 3,000 Palestinian policemen, the release from Israeli prisons of some 5,000 Palestinian political prisoners, the establishment of the Palestinian Economic Council for Development and Reconstruction, the setting up of electoral committees in the West Bank and the Gaza Strip municipalities, and the opening of banks and holding companies. That effort had been undertaken by the PLO with the help of the donor countries. The Palestinians needed seminars similar to the present one in order to study the experiences of others, learn and develop strategies. The Palestinians needed a real partnership at the intellectual and financial levels.

B. Plenary session. Building a Palestinian economy - challenges and prospects

18. The plenary session was reserved for statements by donor countries and other Governments, intergovernmental and non-governmental organizations, and organizations of the United Nations system.

19. The representative of Indonesia said that the international community was facing the task of transforming the Gaza Strip and the Jericho area into areas of peace and prosperity. The wealth of Palestinian talent, drive and creativity must be fully utilized to that end. It was of crucial importance that the Palestinian Authority be equipped to enable it to maximize its operational efficiency and assume its new role. The international donors had the means to enhance the environment necessary to attract trade and investment and to enable the creation of employment opportunities. Among the immediate Palestinian needs that urgently required resources from the international development agencies were such basic requirements as investments in infrastructure. The groundwork must be put in place to meet the current needs of administering the Gaza Strip and the Jericho area. The Government of Indonesia pledged US$ 5 million in assistance to the Palestinian people. A coordinated, flexible and responsive international effort was urgently needed. The appointment by the Secretary-General of a Special Coordinator was consistent with these needs.

20. The representative of Greece said that his country had provided substantial financial aid to the Palestinians in the occupied territory over a significant period. During 1993, humanitarian aid amounted to US$ 526,000, while scholarships of US$ 131,000 had been granted to 39 Palestinians. Also, US$ 15 million in aid had been extended to the Palestine Liberation Organization for use in the reconstruction of the autonomous territory. Greece had always been in favour of speeding up the peace process and had repeatedly called on both parties to respect the time schedules and to proceed swiftly to the implementation of the agreements.

21. The representative of UNCTAD stressed the significance of the signing of the Declaration of Principles on Interim Self-Government Arrangements and the subsequent agreements, in particular the Protocol on Economic Relations between Israel and the PLO. Those agreements marked the beginning of a transformation in the Palestinian development goals. Also, bilateral economic agreements signed by the PLO with Jordan and Egypt helped the reintegration of the Palestinian economy into regional economic cooperation. The Palestinian economy remained characterized by a distorted structure of output, reflecting a weak domestic resource base and the impact of prolonged occupation. The speaker gave a detailed description of the situation in the sectors of finance and investment and trade, as well as technical assistance for Palestinian trade and related sectors.

22. The representative of UNDP said that its project on statistics for the occupied territory was moving ahead. The Special Coordinator appointed by the Secretary-General had played an important role in establishing the office of statistics. Norway had contributed US$ 600,000 towards that office and was also prepared to finance expansion of the office between 1995 and 1997. The new UNDP Administrator had stressed that external and macroeconomic forces must be

transformed into positive forces for sustainable human development. Since 1980, the core resources of UNDP for the West Bank and the Gaza Strip had been very modest. However, for 1994, the modest amount had been complemented by firm pledges totalling US$ 34 million. Those funds had been allocated to the support of managerial and technical capacities in the public sector, as well as to the establishment of departments of education and labour. Other uses included encouraging economic development in private sector industry, commerce, agriculture, tourism and the promotion of technology transfer through expatriates.

23. The representative of ESCWA said that his organization was the only one in the United Nations system where Palestine enjoyed full membership. The ESCWA Ad Hoc Working Group on the Palestinian People, established in 1987, had been reorganized into a Task Force for the Palestinian People to serve as a focal point for ESCWA assistance to the Palestinians. Over the years, the ESCWA secretariat had undertaken a number of activities in the following areas: (a) preparation of analytical studies and project documents relating to the rehabilitation of the Palestinian economy; (b) conducting training workshops and seminars; and (c) inviting Palestinian officials and experts to the various meetings organized by ESCWA. In carrying out its activities ESCWA cooperated with other organizations of the United Nations system, in particular with the UNCTAD Special Economic Unit (Palestinian People) and UNDP. Recently, ESCWA had initiated consultations for a proposed inter-agency task force. The speaker provided an outline of proposed ESCWA activities for the biennium 1994-1995.

24. In a statement addressed to the Seminar, the Executive Director of the World Food Programme (WFP) summarized the activities of WFP aimed at providing food aid to the Palestinians. The statement focused on the current assistance programme. WFP was providing food to the 28,000 families (140,000 persons) most in need in the Gaza Strip alone. The assistance delivered under that project was estimated at about US$ 2.5 million. WFP was considering providing food aid support to a UNDP pilot project on the improvement of sanitation in the city of Gaza, joined by the Federation of Trade Unions, and, eventually, the municipalities. The project was viewed as direct "income transfer". WFP recognized that food insecurity was not a structural or chronic problem among the Palestinians in the medium and long term. Hence, WFP assistance might be appropriate and relevant only in the transitional period.

25. The representative of Egypt pointed out that international assistance, be it bilateral, multilateral or regional, was important for the establishment of a strong Palestinian economy. The Palestinian Authority must be supported in its effort to lay the foundation for a growing and productive economy. Regional cooperation could also be a contributing factor. It was in that context that Egypt and the PLO had signed an agreement on economic and technical cooperation in the areas of trade, investment, public health, education and infrastructure. With respect to joint infrastructure projects, the agreement gave a particular preference to those that had a regional dimension. The two sides had agreed to encourage contacts between Egyptian and Palestinian businessmen. He said that as peace, security and economic development were intertwined it would be desirable to see a speedy disbursement of the financial resources already pledged towards assistance to the Palestinian people.

26. In his statement, the representative of the World Bank said that the involvement of his organization in assistance to the Palestinian people had begun in 1992, when the World Bank had been invited by the Economic Development Working Group, established as part of the multilateral negotiations on Middle East regional issues, to prepare a study on regional development prospects in the Middle East. Subsequently, the World Bank had expanded its contribution and, in early 1993, a mission composed of five teams had been dispatched to the region with an emphasis on agriculture, human resources, infrastructure, macroeconomics and private sector development. The outcome of that initiative, financed by the European Union, Sweden and the United States of America, was a report entitled "Developing the occupied territories: an investment in peace". Focusing on macroeconomic and sectoral issues facing the occupied territory, the report laid out a strategy for realizing development projects in the region. Following the Conference to Support Middle East Peace, a joint World Bank/donor mission had visited the occupied territory and developed a US$ 1.2 billion Emergency Assistance Programme (EAP). The EAP had been a catalyst for a wide range of subsequent planning activities in the West Bank and the Gaza Strip. Two other donor initiatives were the World Bank's US$ 35 million Technical Assistance Fund and the Johan Jorgen Holst Peace Fund. The latter had been established to support the start-up and transitional costs of the new Palestinian administration. The speaker described the activities of the Ad Hoc Liaison Committee set up in the wake of the Conference to Support Middle East Peace. The World Bank acted as the secretariat of the Committee, with staff provided by the Bank itself and by the European Union.

27. The representative of Jordan reiterated his country's long-standing position in support of the Palestinian people. The Palestinians needed assistance in the area of economic development, as well as in other aspects of human endeavour. Jordan had concluded a number of economic agreements with the PLO, including those dealing with customs, trade, tourism and banking. A great deal needed to be done in that regard, requiring the efforts of all. He expressed the hope that Palestinian public and private sector expertise, combined with regional and international coordination, would enable the Palestinian people to fulfil their aspirations.

28. In his statement, the representative of UNICEF outlined the programme recommendation for the occupied territory covering 1994-1995, as approved by the Fund's Executive Board. The programme was aimed at addressing the main precursors for economic development, namely the protection and welfare of Palestinian children and supporting the Palestinian authorities in developing key child-related social service institutions and infrastructure. He summarized the five major components of the programme dealing with maternal and child health, primary education, early childhood development, youth and community activities, and psychosocial health. The following strategies were being applied to implement the programme: (a) community needs assessment; (b) human resource development; (c) technical support for social policy development; (d) varied material assistance to social service institutions; and (e) development of systems for monitoring and evaluation of the condition of children.

29. In his statement the representative of the ILO said that following the signing of the Declaration of Principles on Interim Self-Government

Arrangements, the ILO and the PLO had undertaken consultations with a view to determining the future role of the ILO in providing technical assistance to the occupied Palestinian territory. As a consequence, a request had been received, in October 1993, from the PLO leadership for the development of the labour and social sectors in the occupied territory. In response, an interdisciplinary ILO mission had been dispatched to the region in December 1993 to elaborate a coherent policy framework in the above-mentioned field. The outcome of the mission was a report entitled "A Programme of Action for Transition in the Occupied Territories", which contained some 30 project proposals addressing Palestinian priority needs for the intermediate (1994) and medium (1994-1995) terms. The report outlined three main objectives: the creation of employment opportunities, the reduction of poverty, and the strengthening of social protection. To achieve the above objectives the following steps should be taken: (a) a cohesive policy framework for the development of the labour and social sectors must be designed; (b) a foundation for institution-building must be laid; (c) the process of transition must be managed in a prudent and cost-effective way.

30. In his statement the representative of IMF said that the programme of IMF for the West Bank and Gaza Strip had focused on technical assistance for institution-building in the areas of budget, treasury and tax administration. As a result of four technical assistance missions, a detailed plan was outlined for the orderly take-over by the Palestinian authorities of all fiscal functions in the West Bank and Gaza Strip in accordance with the time schedule agreed between Israel and the PLO. Because of the critical need for manpower development in the fiscal area, further technical assistance from the Fund, which was being carried out in collaboration with the European Commission, would entail intensive training seminars and workshops and would include the placement of long-term advisers in the field to assist the Palestinian fiscal authorities in those areas. Another area where the Fund was also providing technical assistance was the development of capacity in collecting, organizing and utilizing macroeconomic statistics in the areas of prices, government finance, money and banking, and balance of payments. IMF had coordinated its work with that of the World Bank; it would continue to monitor the emerging needs of the Palestinian authorities for technical assistance and would seek to provide such assistance in accordance with its mandate and in cooperation with other bilateral and international donors.

31. In his message to the Seminar, the Permanent Representative of Algeria to the United Nations and Chairman of the Group of 77 said that the international community, mindful of the significant impact of economic development and social progress on the chances of achieving peace, was committed to mobilizing, for the benefit of the Palestinian people, the appropriate resources towards reducing poverty and other ills brought about by occupation and underdevelopment. The appointment of the Special Coordinator should provide additional effectiveness to the multifaceted activities of the United Nations aimed at assisting the Palestinian Authority in the areas of planning, infrastructure programmes and projects, health, education, development and environment. Also, the integration of the Palestinian economy into the regional and international economic contexts appeared to be promising. In opening a discussion on the issues of Palestinian trade and investment needs, the Seminar had already made a useful contribution.

C. Round-table discussions

Round table I. Laying the foundation for Palestinian economic development

32. The round table was moderated by Ms. Irene Jillson, who also prepared a summary of the discussion.

33. In his presentation, Mr. Hisham Awartani, Professor at Al-Najah University, said that a wide range of regulatory restrictions had been imposed on the West Bank and the Gaza Strip. As a result, local economic infrastructure, agriculture, industry, tourism and trade had all been stifled in a very dramatic way. A high degree of dependency on the Israeli economy had been cultivated during the years of occupation. Yet, despite the distortions created, there had been a fairly high rate of growth in living standards. Nevertheless, that was not founded on the local economic base but relied on dependence on the Israeli economy. Employment in Israel accounted for up to 45 per cent of the Palestinian labour force. A large number of Palestinian experts were also working in Israel. Further, the Declaration of Principles on Interim Self-Government Arrangements left Israel with a veto power over both security and economy. A joint Israeli-Palestinian Economic Cooperation Committee had been set up with authority over the Palestinian economy. As regards the role of the donor community, the expert stressed that, in addition to financial commitments, the Palestinians also required other forms of relationship with the international community. Donor countries could promote trade agreements, joint ventures, direct franchises, training and technology transfer. Also, the Government of Israel could relax labour and trade restrictions rather than call upon the European Community for more donations.

34. Mr. George Abed, Adviser at the International Monetary Fund, noted that, by postponing Palestinian political independence, the focus had shifted to economic achievement. He described the types of public institutions that must be developed in order to help ensure good fiscal performance and growth. Those included legal structures, finance, money and banking, and tariffs and customs. Decisions needed to be made on critical issues of institutional development on the Palestinian side and on the fiscal links with Israel. To date, the key Palestinian institution was the Palestinian Economic Council for Development and Reconstruction (PECDAR), but that was a transitory entity that would merge with a permanent and comprehensive financial administration in a few years. Although a Palestinian development bank had been proposed, Mr. Abed indicated that that was not a good idea as the private sector had proved capable of mobilizing funds for long-term investment. He then described two problems that would impact on institution-building: the fact that the Palestinian Authority must operate on a cash budget and the lack of preparedness for those significant undertakings. In addition to establishing and operating an efficient and credible fiscal system in the territories, Mr. Abed mentioned three activities that were urgently needed: (i) the reactivation of the budget, treasury and tax administration functions in the Gaza and Jericho areas to maintain revenue continuity; (ii) establishment of the Palestinian monetary authority to supervise the banking system; and (iii) setting up high-powered Palestinian advisory teams of businessmen and professionals to provide advice to the PLO on various economic and technical issues connected with reconstruction and development. In due course, there would be a need for a Palestinian investment authority - a public

institution that would serve as a clearing-house and facilitator for direct foreign investment. Such an authority could hold a major business conference every two or three years and involve in that conference Palestinians in the diaspora. He stressed the importance of utilizing diaspora Palestinians to help in institution-building and to invest in economic growth in Palestine.

35. In his presentation, Mr. Kamal Hassouneh, an entrepreneur from Jerusalem, described the problems which had affected the Palestinian economy since the occupation. The absence of Palestinian economic development institutions in the occupied territory, among other things, had resulted in remarkable backwardness of the economy and exposed its many weaknesses. As the economy was facing many challenges, there was an overriding need to create a Palestinian legal framework for economic activity, particularly in the wake of the recently signed agreements. The establishment of Palestinian economic development institutions had acquired special urgency. At present, the Palestinians were in need of a training centre to prepare experts in the fields of economy, management, finance, marketing, quality control, and production and maintenance. Other institutions which should be established were a Palestinian institute of technology, a power research institute, a businessmen's centre, a comprehensive data bank for Palestine, a quality control centre, an environmental protection association, a women's development centre and an institute of banking or finance.

36. Mr. Antoine Zahlan, a member of the Palestinian Economic Council for Development and Reconstruction, reviewed the need for the rehabilitation of Palestinian physical, institutional and organizational infrastructures. He described the Palestinian physical infrastructure needs, as outlined in the "Programme for development of the Palestinian national economy for the years 1994-2000", prepared by the PLO in 1993, and the report entitled "Emergency assistance programme for the occupied territories", prepared by the World Bank. The Palestinians would have to establish appropriate institutions and organizations to reflect the post-Uruguay Round world order in trade, which would have a direct impact on the future Palestinian trade environment. As many Palestinian institutions were very young, understaffed and often inexperienced, the paper suggested the following measures, through which the mobilization of Palestinian resources might be achieved: (a) establishing an independent Palestinian watchdog agency monitoring the performance of official and private organizations with a view to identifying bottlenecks and recommending solutions; (b) benefiting from world-wide experience; (c) accelerating the establishment of the statistical institute; (d) accelerating, with the assistance of the international community, the process of establishing a legal system, codes, standards, testing laboratories, research and information services, etc.; (e) improving labour productivity through training and improvement of management; (f) assisted by PECDAR, establishing one or more organizations promoting infrastructural planning on the town and village levels; and (g) establishing an effective mechanism for locating and mobilizing Palestinian professional manpower in the diaspora.

37. Mr. Tayseer Abdel Jaber, Director of the Arab Consulting Center in Amman, dealt with the future of Jordanian-Palestinian economic relations in the light of the agreements reached by Jordan and the PLO with Israel in the course of the peace process. Since the signing of the Declaration of Principles on Interim

Self-Government Arrangements at Washington, D.C., on 13 September 1993, other bilateral agreements had been concluded between the PLO, Jordan and Israel, which had opened doors for more active Jordanian-Palestinian economic relations. The expert provided a historical background of these agreements and considered their possible implications for Jordanian-Palestinian economic cooperation. He focused on the future of the economic relations between the two parties during the five-year transitional period with special emphasis on trade, banking and finance, investment, tourism, labour and population flow.

38. In his paper, sent to the secretariat of the Seminar, Mr. Fritz Fröhlich, Jerusalem representative of the Society for Austro-Arab Relations (SAAR) and coordinator of the Network of European NGOs in the Occupied Territories (NENGOOT), said that the formula to be elaborated must seek sustainable growth with a balance among the economic sector, social equity and environmental protection. Also, if meaningful national planning for sustainable development was to be achieved, it was necessary to overcome the mutual mistrust which had limited and distorted the flow of information between the parties concerned and resulted in a lack of communication. The prerequisite and the first priority for sustainable development must be a renewed process of information-sharing. The Palestinian Authority must become the natural address for information related to the occupied territory. The paper outlined the following principles, which could be applied for the benefit of sustainable Palestinian development: (a) the relevant Palestinian public bodies should become the communication points with the necessary financial, technical and political capacities to carry out that task; (b) a Palestine development group, consisting of Palestinian, foreign Government, and intergovernmental representatives should be funded; (c) an electronic information network on development in the occupied territory should be established; (d) concrete steps should be taken to ensure greater regional political stability; (e) Israel should be prevented from continuing in its present policy of claiming to have withdrawn and to have the right to decide on measures regarding the occupied territory; and (f) there should be a far greater degree of coordination of assistance efforts for the Palestinians among the donor community.

39. The discussion began with a question related to the legal framework for Palestine. It was mentioned that there needed to be a basic budget law and that the tax laws, for example, were in Hebrew; the basic features of those laws were being translated. The advantages of short-term versus long-term comprehensive economic plans were discussed; one of the speakers suggested that, given the fact that Palestinian economic and financial institutions were largely absent and that data and information were not available (including critical data from Israel and donors) it was not feasible to prepare a comprehensive plan immediately. The issue of private versus public sector investment was raised throughout the discussion, with several speakers noting near-term needs and the volatility of the situation. One also noted that the housing sector was missing from the recently issued World Bank emergency assistance report. Another suggested that there should be largely private investment in physical infrastructure and that there was no shortage of private capital for investment in Palestine. It was suggested that Palestine should have at least an observer role in GATT, given the positive benefits that had accrued to Israel and Egypt from membership in GATT, and that Palestine should move quickly to formulate and sign trade agreements. The advantages of joint ventures with Israeli companies

were mentioned by one of the speakers during the discussion. There was a debate concerning whether, under the terms of the Cairo Agreement, Palestinians had the authority to cancel the Israeli military orders. The Permanent Observer of Palestine to the United Nations stated that, while the Palestinian Authority could take action, the Government of Israel could object only to specific laws that contradicted the Declaration of Principles. He also mentioned that the military laws were of questionable validity in any case, under the terms of the Fourth Geneva Convention.

Round table II. Investment for development: Palestinian needs and policy options

40. The round table was moderated by Mr. George Abed, who also prepared a summary of the discussion.

41. In his paper, Mr. Ibrahim Dakkak, member of the Palestinian Economic Council for Development and Reconstruction, stressed that appropriate infrastructure development was a precursor of the economic development in the occupied Palestinian territory in general. In order to achieve the aim of building such an infrastructure, it was important that the Palestinian leadership define its immediate and long-term objectives, direct the incoming assistance to the Palestinians and optimize its use. On the other hand, individual donors and the organizations and agencies of the United Nations system, as well as those of the European Union and the World Bank, should maximize their coordination and response to Palestinian development objectives, as defined by the Palestinian leadership.

42. In her presentation Ms. I. Jillson, President of Policy Research Inc., Bethesda, Maryland, set out a framework for incorporating human resource development in the overall programme for the West Bank and Gaza Strip. The paper emphasized the importance of defining goals for human resource development to include both the general improvement in managerial and technical capacity of Palestinian public and private institutions and the specific training of individuals for defined jobs and skills. In terms of strategies for meeting human resource development needs, the paper emphasized the importance of improving educational and training systems in general while at the same time facilitating the interaction of linkages between education/training and the productive sector. In terms of the Palestinian programme, special consideration might be given to the cross-fertilization of knowledge and skills between the public and private sectors. Specific priorities might need to focus on areas that remained underdeveloped because of the Israeli occupation. They might include more fruitful interaction between the public and private sectors, but also special attention to the role of women, strengthening public participation in decision-making and the rationalization of intergovernmental relations. Education and training had been severely underfunded in the West Bank and Gaza Strip and if lessons from successful countries could be drawn, enormous resources would have to be directed to human resource development in the period ahead in the West Bank and Gaza Strip.

43. Ms. Hind Salman, Associate Professor at Bethlehem University, spoke on investment in human capital with special focus on Palestinian women. Her presentation addressed the problems of illiteracy, lack of training and skill

acquisition, employment and the need for job creation, as well as the need for an overall improvement of Palestinian economic participation. There was also an urgent need to support business activities in general and business activities run by women in particular, since income was a crucial element in empowering women. She emphasized the role of the human factor in economic development, which would benefit from the active involvement of women. In order to have viable, independent, women-owned businesses in the West Bank and the Gaza Strip, Palestinian women should have increased access to the relatively isolated domain of business. She also stressed the need for the establishment of an institutional framework providing support for women entrepreneurs.

44. Mr. Bassim Khoury, owner of a West Bank pharmaceutical company, made a presentation on promoting domestic investment in the wake of the signing of the Agreement on the Gaza Strip and the Jericho Area. In order to revitalize the Palestinian economy, which, in the past, had been affected by the unstable political environment, aid and fresh investments both foreign and domestic were needed. The Palestinian private sector would have a central role to play in accomplishing that objective. At present, achieving an economic turnaround depended almost entirely on the performance of the private sector. The key to sustained private investment in the West Bank and the Gaza Strip lay in changing the current risk perceptions. Since investment in the region was perceived as too risky, the following steps were proposed towards achieving that goal: (a) redefining the notion of "security considerations"; (b) reforming government and regulatory activities; (c) restructuring and internationalizing economic relations; (d) introducing funds earmarked for investment; (e) reforming zoning and land-use policies; and (f) building an adequate infrastructure. Having analysed the relevant provisions of the recently signed Israeli-Palestinian agreements, the paper argued that the tools needed for the promotion of domestic investment were not fully in Palestinian hands. Given the existing constraints, it remained to be seen whether progress would be achieved in that regard.

45. Discussing the role of Palestinian chambers of commerce and industry, Mr. Hussam Hijjawi, a member of the Nablus Chamber of Commerce, summarized their main goals and activities. The paper focused on the role of those institutions in promoting domestic investment in the new political situation. Palestinian chambers of commerce and industry could contribute to the economic development in the following ways: (a) meet with their foreign partners with a view to opening new markets for Palestinian products; (b) facilitate the participation of Palestinian business in international exhibitions; (c) provide funds for the import of machinery and other equipment; (d) cooperate with local higher learning and research institutions; (e) following the initiative of the Chamber of Commerce of Nablus, establish industrial cities; (f) establish a vocational and management training institute similar to the Austrian WIFI; (g) promote and play a role in the establishment of a Palestinian specifications and standardization institute; (h) contribute to the formulation of legislation promoting investment; (i) monitor and collect data on industrial and commercial sectors; (j) organize seminars and participate in local and international events; (k) provide information to foreign investors on the investment climate in the region; and (l) cooperate with the United Nations and other international organizations.

46. Mr. Stephen Day, a member of the Council for the Advancement of Arab-British Understanding and Chairman of the European Coordinating Committee for NGOs on the Question of Palestine, discussed the setting in which the development of the Palestinian economy had taken and was currently taking place, as well as the factors, which influenced that process. The Programme for development of the Palestinian national economy for the years 1994-2000, announced in Tunis in July 1993, set out a framework for Palestinian economic planning. The work in its first phase was currently under way. The speaker described the role and place of NGOs in the process of development of the Palestinian economy. A significant role for Mediterranean economics belonged to the European Union and the redirected Mediterranean policy, which pointed the way for Palestine. For the Palestinians, the need to establish the rule of law and a court system should become one of the priority objectives. The speaker also discussed the prospects of and rationale for foreign government investments in the Palestinian economy. He argued that, since there was no such thing today as economic independence, the provision contained in the Palestine Development Programme regarding cooperation with Jordan and the more recent agreement with Israel were of importance to the Palestinians. Palestinian development would occur in the context of cooperation with their immediate neighbours, sharing interests, currencies and markets.

47. Speaking on economic cooperation, investment and industrial joint ventures, Mr. Simcha Bahiri, of the Israel-Palestine Centre for Research and Information, focused on the potential areas for Israeli-Palestinian economic cooperation. He also explained the reasons for Palestinian economic inequality and offered a comparative analysis of the economy of Israel and that of the West Bank and the Gaza Strip. The Declaration of Principles, signed in September 1993, and the Protocol on Economic Relations between Israel and the PLO, Representing the Palestinian People, signed last May, established the basis for real economic cooperation, joint ventures and a more equitable economic relationship between the parties in general. The speaker argued that among the possible areas for mutually beneficial Israeli-Palestinian economic cooperation was the development of joint ventures, mainly in the manufacturing sector, with or without the participation of third parties.

48. Because of the importance of physical infrastructure in the overall investment programme of the West Bank and Gaza Strip, the discussions highlighted several key issues concerning this component. Among those were the conflicting priorities among donors and of donors and the Palestinian authorities; the disruptive impact of settlements on the continuity and integrity of the terrain over which the infrastructural facilities were to be developed; the aims and objectives of the infrastructural development programme and the need for the Palestinian authorities, if not the donors, to clarify those aims and objectives; and the weakness of the Palestinian institutional infrastructure in the face of the heavy and sometimes conflicting demands.

49. In the discussion that ensued, it was said that the prospects for joint ventures between Palestinians and Israelis, although offering economic benefits, might not be great and might even be premature. Although Israel was now and might remain for a time the West Bank and the Gaza Strip's biggest market, the renormalization of the Palestinian economy's relations with its Arab neighbours could alter the picture. Indeed, on the whole question of relations with

Jordan, the discussions emphasized the important historical, demographic, economic and cultural links between the two societies and expressed confidence that those could be strengthened, thereby opening up Arab and other markets to Palestinian exports.

Round table III. Trade for development: Palestinian needs and policy options

50. The round table was moderated by Mr. Tayseer Abdel Jaber, who also prepared a summary of the discussions.

51. The presentation by Mr. Hazem El Beblawi, Chairman of the Export Development Bank of Egypt, focused on Palestinian-Arab economic relations. The speaker summarized the current state of the Palestinian economy and structural imbalances, such as its heavy dependence on external sources of employment, an unusually low degree of industrialization and heavy reliance on Israel for external trade, as well as the inadequacies in the public infrastructure and services. The Palestinians should define a long-range strategy for future economic development using options available to them. Mr. El Beblawi identified three areas for Palestinian-Arab economic relations - trade, labour and capital. Also, in the transitional period, the civil administration in the Gaza Strip and the Jericho area would have to address the issues of physical and institutional infrastructure, and major policy orientations. During the present, peaceful phase, Palestinian economic development would occur in the context of regional development.

52. Mr. Ala'edeen Shawa, Director of the Development Resource Centre, Gaza, described the pattern of manufacturing that had evolved under occupation, the character and level of existing manufacturing activities, as well as the institutional strategies which could strengthen the ability of Palestinian firms to engage in such activities. The speaker focused on the technical assistance, training, market and information access requirements of the local firms. The Development Research Centre had conducted subsector research on over 400 manufacturing firms in the Gaza Strip in the areas of plastics processing, food processing, textiles/garment manufacturing and metal working. He also identified and discussed in detail the three general types of Palestinian firms: small-scale flexible firms, employing fewer than 10 workers and producing a wide variety of lower quality consumer goods; subcontracting firms, most of which operated as subcontractors for Israeli companies; and large-scale firms employing as many as 100-200 workers and whose management, production, legal status, credit arrangements and links to materials suppliers, technology and markets were formalized. The approach to the process of import substitution and export promotion should be flexible and should increase the ability of the various types of local firms to enter new markets, and strengthen their position in the markets in which they were already active.

53. Focusing on conditions for Palestinian trade, Mr. Ezra Sadan, the representative of the Agricultural Research Organization, Israel, considered the present trade patterns, the trade policies before 1992, the question of access to markets and the routing of such access. In the late 1980s, Palestinian annual gross national product (GNP) had been estimated at about US$ 2,750 million. Export of goods to Israel and Jordan contributed to the GNP a modest amount of US$ 150 million. The concurrent contribution of commuter-

labour remuneration i.e., the value added by Palestinian labour services exported to Israel - was quite substantial, amounting to US$ 765 million. Altogether, trade in goods and services accounted for one third of the Palestinian GNP. Considering Israel's policies towards the Palestinians, it was necessary to distinguish between farm and non-farm trade. Israel's general farm-trade policies, both internal and external, relied upon non-market arrangements involving production and marketing quota privileges, and affected Palestinian and unprivileged Israeli farm producers alike. Since 1968, Israel's direct non-farm trade policy with respect to existing Palestinian manufacturers had been quite liberal, admitting Palestinian products, consumer and producer goods in the Israeli market free of fiscal and administrative barriers. The annual rate of growth of the volume of goods traded with Israel had reached 23 per cent during that period. In the next decade, it had levelled off due to Israel's introduction of a licensing policy aimed at discouraging Palestinian entrepreneurs from competing in the domestic Israeli market. At the end of 1991, the policy had been abandoned, and subsequently a formal agreement had been reached between Israel and the PLO, according the Palestinians free access to Israel's manufactured goods market. The paper emphasized that it was necessary to have the capacity to realize the permitted access: to be able to negotiate transactions, process and forward merchandise and handle the marketing of particular items.

54. Mr. Mohammed S. Al-Qudwa, Chairman of the Palestinian Chamber of Commerce, Gaza Strip, spoke on the role of Palestinian chambers of commerce in building the new Palestinian economy. The following steps should be taken in order to create the base for a new Palestinian economy: (a) building a seaport in Gaza and civilian airports in the Gaza Strip and the West Bank; (b) ensuring free and direct export and import of products; (c) opening up European markets for Palestinian products; (d) encouraging European companies to do business with Palestinian entrepreneurs; (e) ensuring that banks and other financial institutions were granted access to the Palestinian market; (f) providing low-interest loans as part of exporters' support schemes; (g) establishing Palestinian insurance companies; and (h) establishing cooperation through agreements with the neighbouring countries, including Israel. The paper summarized the role played by the Palestinian Chamber of Commerce (Gaza Strip) in encouraging investment and promoting trade. Efforts should be coordinated to achieve the following objectives: (a) establishing a central information bank for all 10 Palestinian chambers of commerce both in the Gaza Strip and in the West Bank; (b) organizing special training programmes for Palestinian businessmen; (c) most important, establishing a centre for standardization, measurements and quality control to be able to manufacture products in accordance with internationally accepted standards; (d) establishing a centre for economic development planning; and (e) working towards setting up a national commercial bank. Peace in the region would be cemented by success in economic development. In order to enable accelerated Palestinian economic advancement, donor countries were called upon to deal directly with the Palestinian Authority.

55. During the ensuing discussion, it was stressed that the ongoing peace process, with its political achievements, also provided an opportunity for economic development. There was great interest in the economic issues in and outside the region, but it was important to use the momentum created by the

peace process. It was stated that the establishment of a Palestinian state remained the central goal for the Palestinians and also that economic decisions would be influenced by that goal. Participants discussed various options for promoting trade and regional cooperation. They pointed out the need for the Palestinian economy to gain access to markets in the region, Europe, the United States of America and other countries in order to promote its exports and diversify its trade relations. The private sector would have a major role to play in that regard. The need for technical assistance within the area and outside the region was stressed. Participants emphasized that new working strategies would be crucial for the promotion of trade. It was pointed out that the Palestinians in their economic relationship with Israel would like to see equitable, reciprocal and mutually advantageous conditions, which was not yet the case under the current circumstances.

D. Closing session

56. In her statement at the closing of the Seminar, Mrs. Leila Shahid, General Delegate of Palestine to France and Permanent Observer of Palestine to UNESCO, stressed the special importance of this kind of meeting for the Palestinians. The current peace process represented an opportunity to build together a society based on mutual respect, fairness and equity. The Israelis and Palestinians could now talk to each other in a manner that had never been as free, as responsible politically and as challenging. That was an important foundation for forming a new relationship between the parties. The rich exchange of ideas and the highly sophisticated intellectual work of the Seminar was a contribution to that effort.

57. The Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, in his closing remarks, said that a significant, if not the most prominent, part of the agreements signed in the past several months dealt with the crucial issue of development, building a Palestinian economy and its incorporation into the context of regional development. Accordingly, the Seminar had been primarily devoted to the issue of trade and investment, which were of determining importance in the complex process of building a new economic structure. It had provided an opportunity for the participants to exchange views and offer fresh perspectives on the challenges and the difficulties that lay ahead. The Committee was encouraged by and appreciative of the contribution made by donor Governments. The commitment of the donor community at the Conference to Support Middle East Peace and the readiness to extend the needed assistance to the Palestinians at this important juncture of their history was of special significance.